

A STUDY ON INVESTMENT PLANNING OF NON - INSTITUTIONAL INVESTORS IN PANAGUDI REGION

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INTRODUCTION

Investment means the purchase of an investment product or other items of value with an expectation of favorable future returns. Wide varieties of investment avenues are now available in India. An investor can himself select the avenue after evaluating the merits and demerits of different avenues. Investment advertising, Newspaper supplements on investment matters and investment journals offer guidance to investors in the selection of suitable investment avenues. Investment is the employment of funds with the aim of getting return on it. In general terms, investment means the use of money in the hope of making more money. In finance, investment means the purchase of an investment product or other item of value with an expectation of favourable future returns.

Key Words: Investment, investment avenues, Non-Institutional investors, return, risk.

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STATEMENT OF THE PROBLEM

The most crucial challenge faced by the investors is perhaps in the area of taking investment decisions. Every investor differs from the others in all aspects due to various factors like demographic factors, socio-economic background, marital status, level of education, age, gender etc.

Decisions of literates towards investment differ from that of the illiterates. A young bachelor prefers to invest in risky avenues. A matured with family dependability prefers less risky and stable income generating avenues. Similarly rural /urban background of individuals, availability of information, accessibility of avenues, and investment companies/colleagues also influence individuals in their perceptions regarding investment.

OBJECTIVES OF THE STUDY

The objectives of the study are

- i) To examine the choice of investments avenues by the investors
- ii) To ascertain the investment planning of investors
- iii) To measure the level of investment planning of investors
- iv) To determine the factors which influence the investors to make an investment
- v) To offer suitable suggestions to the investors to make their investment in better way.

NEED FOR THE STUDY

It is observed that investors are more reliable and are more attracted towards certain investment avenues. So it becomes significant to study the motivational factors that compel them for selecting the investment avenues.

METHODOLOGY

This study was based on primary and secondary data. Primary data were obtained through a structured questionnaire. The primary data obtained from questionnaire were analyzed by using the statistical tools like average, percentage, One-way ANOVA, and t-test.

Further, the secondary data have been obtained from various internet websites, Journals, Magazines, and other published sources.

SAMPLING DESIGN

Sample design is the definite plan for obtaining a sample from a given population. As the population size is infinite, 50 non - institutional investors are selected as respondents from the

population using convenience sampling. Convenience sampling is a non-probability sampling when population elements are selected for inclusion in the sample based on the ease of access.

GEOGRAPHICAL AREA OF THE STUDY

The study is confined to panagudi region. Panagudi is situated in between Tirunelveli and Kanyakumari. It is located 30k.m away from kanyakumari. The northern boundary of Panagudi is Vallioor. The southern boundary of Panagudi is Kavalkinaru. Panagudi has a population of nearly 60000 people.

PERIOD OF THE STUDY

The study was conducted during 2012-2013 and primary data were collected during 2013.

LIMITATIONS OF THE STUDY

- This study was based on Primary data collected from individual investors by survey method. As many of the individual investors furnished the required information from their memory and experience, the collected data would be subjected to recall bias.
- The study area was limited to panagudi region and the findings may not be applicable to other areas as vast differences exist among the individual investors with regard to demographic and psychographic characteristics.
- Findings of the study may be appropriate for the situations similar to the study area and care should be taken while generalizing the results.

DATA ANALYSIS

Analysis of data is the most skilled task in the research process. Analysis means a critical examination of the assembled data for studying the characteristics of the object and for determining the patterns of relationship among the variables relating to it.

The relationship between the profile variables and the investment planning is analysed. One way ANOVA and t-test are used to study the relationship.

The data collected from 50 respondents selected at random in panagudi area is used for this analysis.

AGE

Age is one of the important factors to determine the investment planning. Generally middle age people invest their money in large scale. The younger age people save only less

amount. The following table1 shows the age group of the Non-Institutional Investors taken for analysis.

Table 1
Age

S. No	Age in Years	No. of Respondents	Percentage
1	20-30	12	24
2	30-40	13	26
3	40-50	14	28
4	50 and Above	11	22
Total		50	100

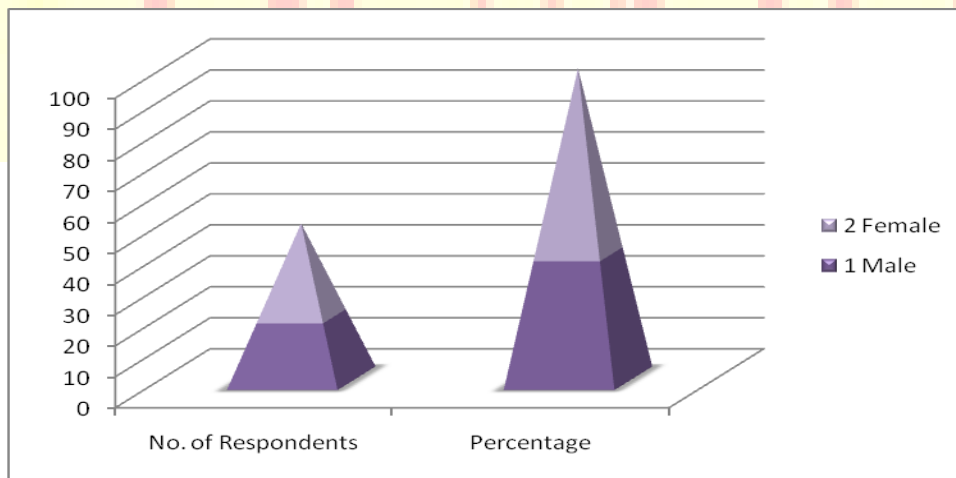
Source: Primary Data

The above table shows that most of the Non-Institutional Investors (28 per cent) are of the age group 40 to 50. Another 26 per cent of Non-Institutional Investors belongs to the age group of 30 to 40. 24 per cent of the Non-Institutional Investors are of the age group 20 to 30 and 22 per cent of Non-Institutional Investors belongs to the age group of 50 and above.

GENDER

Usually women concentrate more in their family welfare but they do not have up-to-date knowledge about the investment patterns. The following table shows the distribution of the Non-Institutional Investors by gender.

FIGURE 1
Gender



The above figure shows that majority of the Non-Institutional Investors (60 per cent) are female and 40 per cent Non-Institutional Investors are male.

MARITAL STATUS

Marital Status plays an important role for the determination of Investment practices of the investors. Most of the married are very eager to invest their income in many avenues and to get more income. The following table discloses the proportion of married and unmarried Non-Institutional Investors.

Table 2
Marital Status

S. NO	Marital Status	No. of Respondents	percentage
1	Married	47	94
2	Un married	3	6
Total		50	100

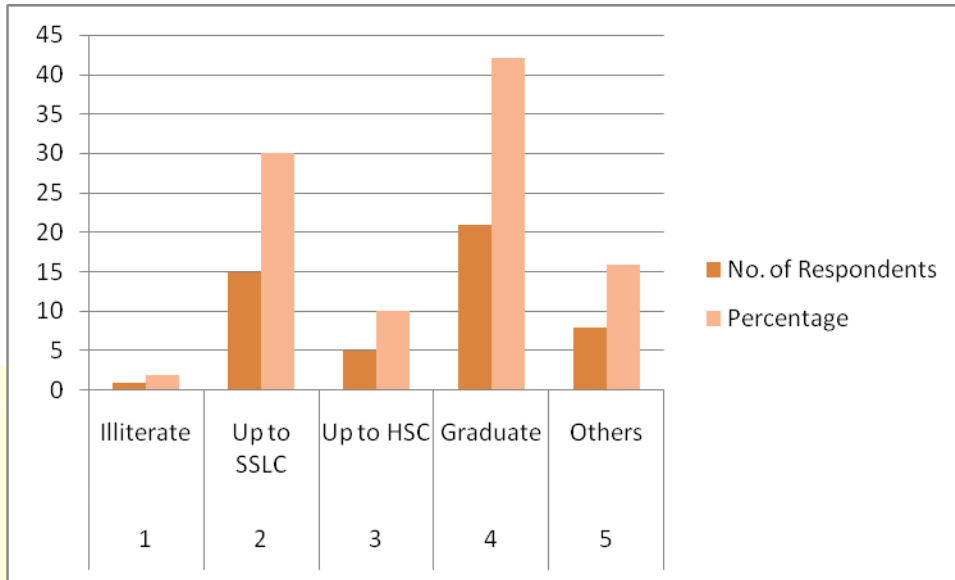
Source: Primary Data

94 percent of the investors are married and only 6 percent of the investors are unmarried. This is due to the fact that more is the responsibility and commitments for married than for unmarried.

EDUCATIONAL QUALIFICATION

Educational Qualification is one of the main factors affecting the Investment pattern of investors. Normally illiterate people are not aware of the various Investment avenues. The following table shows the level of education of the Non-Institutional Investors.

Figure 2
Educational Qualification



The above figure indicates that 42 per cent of the respondents are graduates. Further clears that only two per cent of the Non-Institutional Investors are illiterates. So it can be concluded that most of the investors are educated.

FAMILY INCOME

Income is an important factor determining the level of investment of the respondents. The following table shows the different level of income of the Non-Institutional Investors.

Table 3
Family Income

S. NO	Family Income	No. of Respondents	Percentage
1	Below Rs 10000	10	20
2	Rs 10000- Rs 20000	17	34
3	Rs 20000- Rs 30000	9	18
4	Rs 30000- Rs 40000	3	6
5	Rs 50000 and above	11	22
Total		50	100

Source: Primary Data

The above table reveals that 34 per cent of Non-Institutional Investors are in the income category of Rs 10000 to Rs 20000. 22 per cent of the Non-Institutional Investors are in the

income category of Rs 50000 and above and 6 per cent of the Non-Institutional Investors belongs to Rs 30000 to Rs 40000 income category.

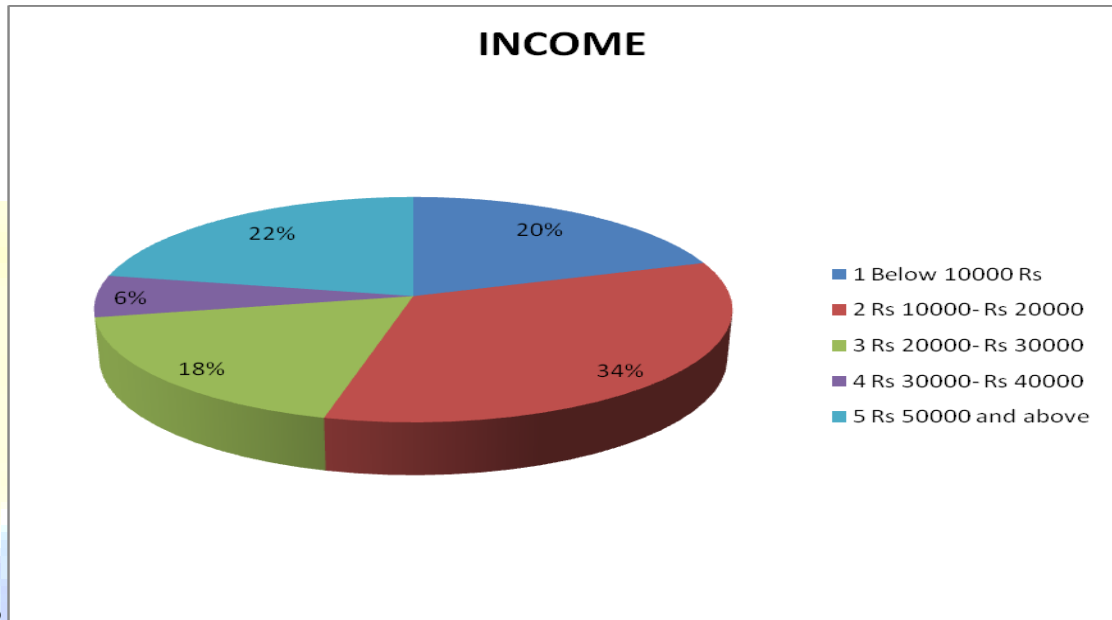


Figure3

NATURE OF FAMILY

The nature of family is an important factor which influences the Investment planning of the Non Institutional Investors. Nuclear family leads better life even with a small income by saving more for Investment. Table 4 shows the nature of the family.

Table 4
Nature of Family

S.No	Nature of Family	No. of Respondents	Percentage
1	Nuclear	40	80
2	Joint Family	10	20
Total		50	100

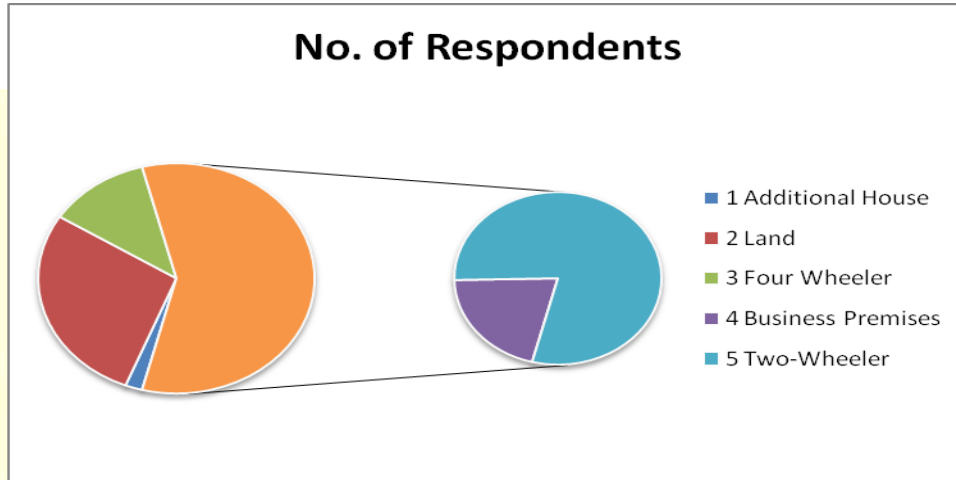
Source: Primary Data

From the above table it is seen that 80 percent of the Non-Institutional Investors belong to the nuclear family. Nuclear family is better to lead a comfortable life and their level of Investment is also high.

ASSETS OWNED

The people of panagudi area not only save money but also invest their savings in physical assets. The following table depicts the details of assets owned by the Non-Institutional Investors in panagudi area.

Figure 4



Source: Primary Data

The figure indicates the investment by the Non-Institutional Investors in physical assets. Majority of the Non-Institutional Investors have invested their savings in Two Wheeler at 46 per cent. Only 2 per cent of the respondents have invested their savings in additional house.

TYPES OF INVESTMENT

Investment refers to putting money into something with an expectation of gain, usually over a longer term. People invest money for future needs. The Non-Institutional Investors have invested their money in different forms. The various types of Investment made by the Non-Institutional Investors are given in the following table.

Table 5

Types of Investment

S. NO	Types of Investment	No. of Respondents	Percentage
1	Life Insurance	4	8
2	Fixed Deposit	4	8
3	Post office Deposit	13	26
4	Gold	18	36

5	Land	9	18
6	Capital Market	2	4
Total		50	100

Source: Primary Data

Table 5 indicates the Investment pattern of the respondents. From the above table is clear that most of the Non-Institutional Investors have selected to invest their money in gold viz., 36 per cent. And the least of the Non-Institutional Investors have invested their money in the capital market.

INVESTMENT PLANNING

Investment planning is all about the management of investment situations. It also explains the way of managing finance. At different stages of life, Investment Planning is at different levels. There is a misconception that, only rich people alone do Investment Planning. Instead everyone does a proper Investment Planning in order to ensure a secured life ahead. But the level of Investment planning differs from individual to individual.

The following table shows the Investment planning status of the Non-Institutional Investors in panagudi.

Table 6
Investment Planning

S. N0	Scores	No. of Respondents	Percentage
1	50-60	5	10
2	60-70	19	38
3	70-80	21	42
4	80-90	5	10
Total		50	100

Source: Primary Data

The above table indicates that 10 per cent of the Non-Institutional Investors have an excellent Investment status with a score of 80 to 90. Another 42 per cent of Non-Institutional Investors have good Investment planning. Further 38 per cent of respondents are moderate in their Investment planning and 10 percent Non-Institutional Investors are poor in the Investment planning status.

The following table analyzes the average Investment planning level of the Non-Institutional Investors in panagudi.

Table 7
Investment Planning Status

S. N0	Indicators	Value
1	Mean	70.54
2	Standard Deviation	6.84

Source: Primary Data

Table 7 shows that the average Investment planning score of the Non-Institutional Investors in panagudi area is 70.54 with a standard deviation of 6.84. It indicates that even though panagudi is a rural area the Non-Institutional Investors are at higher level in Investment planning.

SOURCES OF INFORMATION FOR INVESTMENT PLANNING

There are many sources, which encourage the Non-Institutional Investors to invest their savings to various Investment avenues. It has been shown below in the following table with its percentages.

Table 8
Sources of Information for Investment

S.N0	Percentage (%) of Respondents							Total (%)
	Avenues	News Paper	Media	Relatives	Agents	Friends	Non Respondents	
1	LIC	6	2	14	54	14	10	100
2	Fixed Deposit	6	12	10	24	12	36	100
3	Post office Deposit	2	6	28	24	8	32	100
4	Gold	14	40	22	4	4	16	100
5	Land	2	8	14	34	12	30	100
6	Capital	2	6	2	4	2	84	100

	Market							
7	Any Others	2	2	2	2	8	84	100

Source: Primary Data

54 per cent of the Non-Institutional Investors are encouraged by the agents for having invested in LIC. Investment in Gold is highly influenced by Media. Agents have played predominant role in mobilizing investment in Land.

RETURN FROM INVESTMENTS

The basic objective of Investment is to get high return from it. Different respondents have given different opinion regarding the return from their Investment. The following table shows the opinion regarding return on various Investment avenues.

Table 9
Return from Investments

S.No	Investment Avenues	Percentage (%) Respondents					Total (%)
		Very High	High	Moderate	Low	Very Low	
1	LIC	14	10	44	24	8	100
2	Fixed Deposit	20	12	28	38	2	100
3	Post office Deposit	28	6	50	12	4	100
4	Gold	28	62	4	4	2	100
5	Land	40	26	24	6	4	100
6	Capital Market	20	10	58	10	2	100

Source: Primary Data

The above table shows that 40 per cent of Non-Institutional Investors get very high return from Land. Then gold yield a high return with 62 per cent. Further post office earned a moderate return with 50 per cent.

RISK FROM INVESTMENT

Risk is an unavoidable factor regarding the Investment. A high rate of risk earns a high amount of return. The following table reveals the opinion of the respondents regarding the risk involved in the various investment avenues.

Table 10
Risk from Investment

S.No	Percentage (%) of risk						Total (%)
	Avenues	Highly Risky	Risky	No Opinion	Less Risky	Not at all Risky	
1	LIC	8	8	14	60	10	100
2	Fixed Deposit	4	4	38	48	6	100
3	Post office Deposit	4	8	8	58	22	100
4	Gold	4	4	12	48	32	100
5	Land	20	14	22	28	16	100
6	Capital Market	6	8	82	2	2	100

Source: Primary Data

The above table reveals that land is a highly risky investment avenue with 20 per cent. Majority (82 per cent) of the Non Institutional Investors of panagudi area do not have any opinion about capital market.

LEVEL OF INVESTMENT PLANNING

The Non-Institutional Investors are classified into three categories according to their state of Investment planning Low, Medium, and High level.

Table 11
Investment Planning Statistics

S.No	Level	No. of Respondents	Percentage
1	Low	11	22
2	Medium	33	66
3	High	6	12
Total		50	100

Source: Primary Data

The above table shows that 66 per cent of the Non-Institutional Investors are moderate in their Investment planning. Only 12 per cent of people are high in their Investment planning and 22 per cent are low in their level of Investment planning.

INVESTMENT PLANNING AMONG DIFFERENT CATEGORIES OF NON-INSTITUTIONAL INVESTORS

An effort has been made to find out as to what extent age, gender, education, family income, assets owned, and types of investment, marital status, and nature of family influence the level of Investment planning.

One way ANOVA and t – test are used to test the significance relatively among the variables.

The null hypotheses (H_0) framed for the purpose are presented:

H_0^1 = There is no significant difference in Investment planning among different age groups of Non-Institutional Investors

H_0^2 = There is no significant difference in Investment planning among different levels of education of Non-Institutional Investors

H_0^3 = There is no significant difference in Investment planning among different incomes earned by Non-Institutional Investors

H_0^4 = There is no significant difference in Investment planning among different assets owned by Non-Institutional Investors

H_0^5 = There is no significant difference in Investment planning among different types of Non-Institutional Investors

H_0^6 = There is no significant difference in Investment planning among different genders of Non-Institutional Investors

H_0^7 = There is no significant difference in Investment planning among different marital status of Non-Institutional Investors

H_0^8 = There is no significant difference in Investment planning among different natures of family of Non-Institutional Investors

The results of the statistical tests are given below:

Table 12
Result of Statistical Tests

S.No	Variables	Statistical tool	Value of F / t	Degrees of Freedom	p Value	Status
1	Age	One way ANOVA	1.725	3	0.175	Accepted at 5% level
2	Education	One way ANOVA	2.929	4	0.031	rejected at 5% level
3	Income	One way ANOVA	3.720	4	0.011	rejected at 5% level
4	Assets owned	One way ANOVA	.624	4	0.648	Accepted at 5% level
5	Types of Investment	One way ANOVA	2.401	5	0.54	Accepted at 5% level
6	Gender	t – test	-.368	48	0.279	Accepted at 5% level
7	Marital status	t – test	-.114	47	0.407	Accepted at 5% level
8	Nature of family	t – test	-.856	48	0.10	Accepted at 5% level

Source: Primary Data

Inference

Since the calculated value of the variables age, education, income, assets owned and types of Investment **t – test** is greater than **0.05**, so the null hypothesis is **accepted at 5 % level**. It can be concluded that there is no significant difference in Investment planning among the age, education, income, assets owned, and types of Investment of the Non Institutional Investors.

The calculated value of the variables gender, marital status and nature of family **One way ANOVA** is less than **0.05** level. So the null hypothesis is **rejected at 5% level**. It is inferred that

there is a significant difference in Investment planning among the gender, marital status and nature of family of the Non Institutional Investors.

The study evaluated the investment planning behaviour of the Non – Institutional Investors in panagudi area. The various problems faced by the investors with regard to their Investment planning have also been highlighted with suggestions.

The analysis of the Investment Planning of the Non – Institutional Investors reveal the following **findings**.

- The analysis about the age reveals that 28 per cent of the Non – Institutional Investors are in the age group of 40 to 50.
- Most of the Non – Institutional Investors are female with 60 per cent. They are well aware of Investment planning.
- Majority of the Non – Institutional Investors (94 per cent) are married.
- The analysis of the educational qualification of the Non – Institutional Investors reveals that 42 per cent of them are graduates.
- Majority of the Non – Institutional Investors' (34 per cent) monthly income was between Rs.10000 to Rs.20000.
- The respondents of nuclear family lead a better life and thus have improved their level of Investment. Most of the Non – Institutional Investors (80 per cent) belong to nuclear family.
- 46 per cent of Non – Institutional Investors invest their savings in physical assets.
- Good Investment planning and Investment practices prevail among the Non – Institutional Investors.
- Most of the Non – Institutional Investors (36 per cent) invest their savings in Gold. Only 4 per cent of Non – Institutional Investors invest their savings in the Capital Market.
- Investment planning status of the Non – Institutional Investors in panagudi area reveals that 10 per cent of Non – Institutional Investors have excellent Investment planning status with a score of 80 to 90.
- The main Investment objective of the Non – Institutional Investors in panagudi region is their children education.
- Most of the Non – Institutional Investors (54 per cent) are influenced by the agents for their Investment.

- Majority of the Non – Institutional Investors (40 per cent) reveals that land is yielding a high amount of return.
- 20 per cent of the Non – Institutional Investors feels that land is a highly risky Investment.
- The Non – Institutional Investors belonging to the study area are of less risk bearing character and cautious in investing only in secured avenues like post office deposit, fixed deposit, gold, land etc.
- Majority of the Non – Institutional Investors (66 per cent) are in the medium level regarding their Investment planning.

SUGGESTIONS

Investors in panagudi are unaware of the various investment opportunities available. Because of unawareness they are diverting their investments to the known avenues. In many occasions they are not most profitable.

Thus it is suggested that the small Investment Department of the Government of Tamil Nadu, must conduct frequent public meetings. In the meetings various investment avenues may be highlighted. The doubts of investors can also be clarified. It will positively motivate the investors to save their money in diversified investment patterns.

There are a large number of investment patterns available for investment in panagudi. Investors are confused to select a particular pattern of investment. They find it difficult to choose a particular investment pattern which yields maximum return.

In order to solve this, it is suggested that investors association has to be formed in panagudi which will advise the various Investment patterns where an investor can invest.

Non-Institutional Investors in Panagudi have a fear to invest their money with others like private companies. In India, many investors lost their Investment with many private Investment institutions which have become bankrupt. So there is a hesitation among investors for such investment.

It is suggested that institutions which receive deposits from public, must be regulated by the government through strict legislations. Any institution which has become bankrupt must have to be seriously viewed. It will avoid future bankruptcy and will instill confidence among the investors.

Mostly the people in panagudi depend on agriculture for their family income. Large number of people is also engaged in their own business for their family needs. Their income is relatively very low.

It is suggested that creation of more employment opportunities will increase income as well as investment.

CONCLUSION

The Investments can accelerate the pace of capital formation if they are channelized in to Investment assets. In spite of the higher rate of savings of the selected Non – Institutional Investors compatible to that of the national average, the Investment have not been able to contribute to capital formation owing to their diversion into physical assets. There is a need to educate the individuals on the economic significance of Investments.

Therefore the institutions engaged in mobilization of savings need to initiate Investment education programs in rural and in far fling areas. This will help to deepen the investment markets. The uncertainty in the overall Investment environment need to be carefully addressed by the institutions engaged in mobilization of savings of the household sector.